

FISCAL YEAR 1974 ANNUAL REPORT

BUDGET TRENDS

1. The status of funds for fiscal year 1974 at the close of the year is a reflection of the two major trends which impact on the OL budget. Counterbalancing the continuing efforts of the Agency and OL to reduce costs are the effects of economic trends occasioned by inflation, material shortages, and the energy crisis.

	<u>FY 73</u>	<u>FY 74</u>	<u>Change</u>
Staff and contract			
Average Employment			
<u>Funds (in Millions)</u>			
Personal Services			
Transportation			
Rents and Utilities			
Contract Services			
Supplies and Equipment			
Printing (forms)			
Engineering Support			
Space alterations & maintenance			
Total OL			

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a. Personal Services: Although average employment decreased by 57 in fiscal year 1974, the resultant gross savings of \$.8 were offset by \$.6 required to meet costs of pay raises granted to U.S. Government personnel.

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these savings, however, are higher costs for other contract services, such as those provided by LSD through contractual arrangements for moving of furniture and safes and for repair of office machines in the departmental area.

c. Supplies and Equipment: OL has experienced the most dramatic effect of higher costs in the area of consumable supplies required for operation of the Printing Services Division, Motor Pool, and Depots. The major portion of supply requirements consist of paper, wood, and POL (petroleum, oil, and lubricants) which during fiscal year 1974 experienced, for many line items, rates increases in excess of 100%. The 20% total increase can be attributed primarily to price changes.

d. Printing: As in the case of supplies, the cost of printing, reflecting primarily procurement of standard Agency forms, escalated during the year with the result that total funds expended in fiscal year 1974 reflect an increase of over 30% in contrast with fiscal year 1975.

e. Engineering Support: Although somewhat higher costs were experienced by the Real Estate and Construction Division for engineering support, the major financial change results from fiscal year 1974 scheduling of two major, one-time projects; i.e. purchase of equipment (\$.4) for an uninterruptible power source (UPS) for the computer centers and a work order against GSA for improvements to the HVAC (Heating, Ventilating, Air Conditioning) system at the headquarters building (\$.3).

f. Space Alterations and Maintenance: As in the case of engineering support, the net change in fiscal year 1974 results primarily from scheduling of major, one-time renovation projects rather than rate changes.

2. Estimates of the impact on future budgetary requirements of not only rate increases to date but those which can be anticipated in the coming fiscal year cannot be predicted with any but chance accuracy. Some of the line items identified above which appear to be relatively constant, such as transportation and contract services, will probably require additional funds for maintenance of current levels of support. The fiscal year 1975 Congressional Budget for OL totals [REDACTED] In anticipation of higher costs and identification of certain items for which no provision is contained in the Congressional Budget, OL estimates total requirements of [REDACTED] or a shortfall of [REDACTED]

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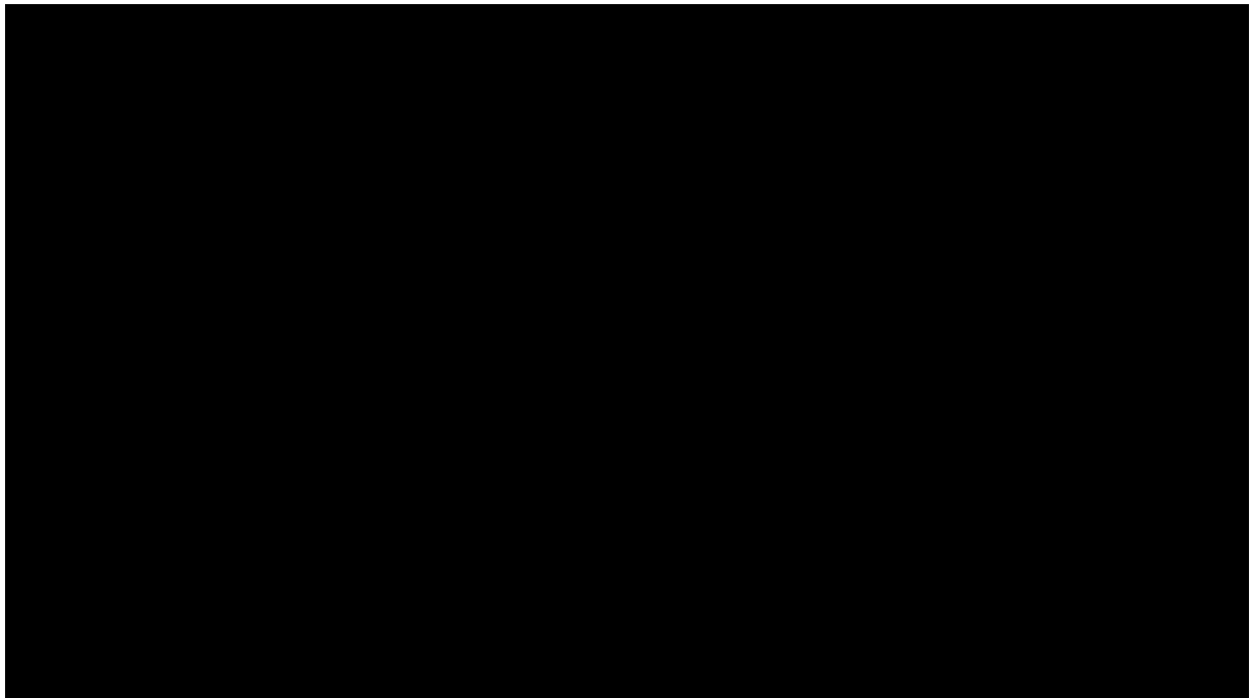
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ANNUAL REPORT FISCAL YEAR 1974

BUDGET TRENDS
PROPERTY PROCUREMENT ALLOTMENT

(\$ in Millions)	<u>FY 73</u>	<u>FY 74</u>	<u>Change</u>
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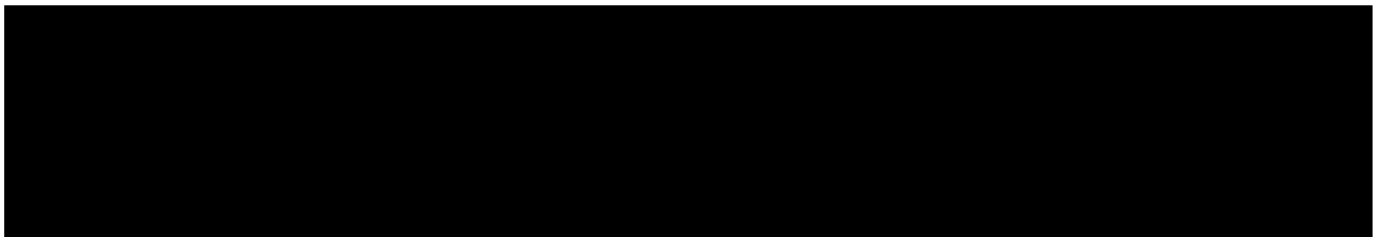
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Stock Procurement

General Inventory: Increase primarily results from higher prices, particularly for paper products.

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OTS Cognizant: Fiscal Year 1974 is the first full year for implementation of the Ex.Dir./Comp. directive for inventory budgeting of OTS cognizant and Agent Communications cognizant (OC) inventory requirements. The increase in stock procurement for OTS cognizant reflects provision of funds in the inventory budget for new items or adjustment of inventory levels to meet future year needs.

25X1A Communications: Effective with fiscal year 1974, OC was charged with responsibility for inventory budgeting to meet stockage requirements for Agent Communications material. At the same time, cognizant responsibility for special communications equipment was transferred from OC [REDACTED]. Separate accounts were not maintained in fiscal year 1973 to distinguish amounts invested in the inventory for these separate purposes. It is estimated, however, that more than half of the increase in fiscal year 1974 is attributable to Agent Communications.

Direct Procurement

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for procurement of an uninterruptible power source (UPS) motor generator supporting the computer centers.

Reimbursable Procurement

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